

SWOT AND GAP ANALYSIS FOR NEW PRODUCT DEVELOPMENT

AT PT. DUTA KARYA MANDIRI

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ABSTRACT

PT. Duta Karya Mandiri (PT. DKM) is a supplier of Avanza and Xenia bars-headrest components which manufactured by PT. Astra International, Tbk. The bargaining position of PT. DKM to PT. Astra International, Tbk. is low due to the absence of legal cooperation agreement so that the ordering of these products can be stopped by PT. Astra International, Tbk. at any time if other suppliers have better product quality with more competitive price. The purpose of this research was to analyze the SWOT and the Gap of new product development at PT. DKM. This product is expected to be an opportunity for PT. DKM which want to explore new product business into Business to Business market. The research was qualitative by using the direct technique with a depth interview method in the form of the semi-structured interview. Based on the SWOT and the Gap analysis, it was seen that to maximize the usage of the factory, utilizing scrap materials, and establish new consumers to expand their source of income, it is necessary to develop new products such as capstock hanger which can be marketed to the general supplier of apartment developers.

KEYWORDS: New Product, SWOT Analysis & Gap Analysis

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INTRODUCTION

Economic development in Indonesia is inseparable from the role of Micro, Small and Medium Enterprises (MSMEs), both in terms of the number of businesses and in terms of employment by creating business fields. MSMEs can become providers of employment, providers of cheap goods for the people, and printers of new entrepreneurs. According to Vivi Alatas, World Bank Lead Economist of poverty alleviation programs, Indonesia had 57 million MSMEs in Indonesia in 2013 which were able to absorb 96% of workers and contribute to Indonesia's Gross Domestic Product (GDP) of 58% (Marketeers, 2016).

The increasing number of MSMEs also shows that business competition is increasing. Business competition is not only from fellow MSMEs but from large companies and imported goods. Therefore, MSMEs must be able to develop their business activities, one of which is by developing new products. Many MSMEs products have good quality, but experience problems when marketed. Whereas MSMEs have a large potential for market development, especially in international markets, because of the creativity and innovation of Indonesian human resources which can be a competitive advantage of Indonesian MSME products. The government is trying to encourage large companies to play an active role in empowering MSMEs. One of them is PT. Astra International, Tbk. with Astra Dharma Bhakti Foundation which focuses on paying attention to MSMEs, especially MSMEs that are engaged in small-scale manufacturing. Dharma Bhakti Astra Foundation facilitates MSMEs including by

providing training and mentoring that suits the needs of MSMEs, namely to achieve independence.

PT. DKM is a partner MSMEs that joins the Dharma Bhakti Astra Foundation and becomes a supplier of components of bars-headrest of Avanza and Xenia's cars produced by PT. Astra International, Tbk. Nevertheless, the bargaining position of PT. DKM against PT. Astra International, Tbk. fairly low due to the absence of a legal cooperation agreement so that the product ordering of this bars-headrest can be stopped at any time by PT. Astra International, Tbk. if there are other suppliers who have better product quality and more competitive prices.

The idea of making this new product stems from the number of scrap products produced by headrest bars that reach 3 tons per month. The remaining iron is sold very cheaply for Rp. 3,000 per kilogram to traders of iron waste, while the purchase price of iron per kilogram ranges from Rp. 9,000 to Rp. 10,000. To follow up on this, a SWOT and Gap analysis was carried out.

LITERATURE REVIEW

SWOT and Gap Analysis

This Strength, Weakness, Opportunity, and Threat (SWOT) analysis is a tool used to assess the strengths, weaknesses, market opportunities, and external threats that a business has (Valentin, 2005; Gamble et al, 2017). According to Kotler and Keller (2009) and Omnani (2011), SWOT is an analysis of the overall evaluation of the internal environment in terms of strengths and weaknesses within the company and externally viewed from opportunities and threats to the company so that the company can make the right decisions. Gap analysis is an analysis needed to be able to see how big the Gap is between actual conditions and ideal conditions (conditions to be aimed at & potential), where MSMEs will be more helpful if problems can be minimized or even resolved (Kotler and Keller, 2009; Krudthong, 2017).

Business to Business

Business market or better known as Business to Business is a marketing transaction of goods and services sold from one company to another company, not from company to end user. According to Matthyssens et al, 2008; Hutt and Spesh, 2013, Business to Business customers are in the form of business, government, and institutions. Business consumers make purchases of industrial goods to establish or facilitate production processes or use them as components for other goods and services, for example, manufacturing, service companies, and transport companies. While government agencies and private institutions buy industrial goods to organize and provide services to their market segments, namely the general public.

RESEARCH METHODOLOGY

This research was conducted at PT. Duta Karya Mandiri (PT. DKM) located in Cibubur. Data collection was conducted in April 2017.

Business Coaching Method

Business Coaching is a qualitative research using exploratory research methods. This method aims to explore and understand information comprehensively from the overall problem situation (Malhotra, 2010). Qualitative research is carried out using direct techniques with depth interview method with interviews with the owners of PT. DKM as a respondent to explore information. Interviews were also conducted to find out the various forms and prices of competitors' multifunctional hangers in several offline furniture stores such as IKEA, Informa, and Ace Hardware, as well as online

e-commerce like Tokopedia. In addition, interviews were also conducted with several apartment developers in the Greater Jakarta area, namely PT. Sindeli Propertindo Abadi, PT. Mahardika Gagas Sejahtera, and PT. Sinarmas Land to find out how the target consumer response to the appearance of capstock hanger products from PT. DKM. This DKM and interviews with vendors or general suppliers of XYZ for product marketing.

As for some interview structures, namely unstructured interviews, semi-structured interviews, and structured interviews. In this study using a semi-structured interview which a combination of interviews with structured questionnaires and adjusting questions according to responses given by respondents.

The data used in the study consisted of two types, namely primary data and secondary data. Primary data is a data source that directly provides data to data collectors (Sugiyono, 2012). To obtain primary data, direct observations were carried out through Forum Group Discussions and interviews with respondents consisting of PT. DKM. While secondary data is a data source that does not directly provide data to data collectors, such as documents or obtained through other people (Sugiyono, 2012). In this study, secondary data was obtained through literature studies both from previous research journals, articles, books, and documents owned by PT. DKM.

Data Analysis

After the required data is successfully obtained, data analysis is performed with qualitative techniques. The process uses SWOT and Gap analysis methods by sorting out data by overriding, reinforcing, or summarizing research data; develop a visual interpretation of data into diagrams, graphs, or matrices to understand patterns and relationships between data; and consider the meaning of the data analyzed and assess the research questions they have, so that later we can conclude the gap between actual conditions and ideal conditions of PT. DKM.

RESULTS

The results of SWOT and Gap analysis can be seen in Table 1 and 2.

Table 1: PT. DKM's SWOT Analysis

SWOT	Strengths	Weaknesses
	<ol style="list-style-type: none"> 1. Having a good reputation 2. Being able to produce other types of products with an iron base material. 3. Having engine capacity and other resources for an adequate production process 	<ol style="list-style-type: none"> 1. The product is easy to imitate 2. The bargaining power of PT. Astra International, Tbk towards PT. DKM is high. 3. The successor of the business has not been planned.
Opportunities	S-O Strategies	S-W Strategies
<ol style="list-style-type: none"> 1. Product components' request for the bar's headrest continuously. 2. The remaining iron can be processed into new products. 3. Job order requests from other companies are quite high. 	<ol style="list-style-type: none"> 1. Adding new business lines. 2. Making efforts so that job orders can be fulfilled. 3. Creating new products made from iron residue. 	<ol style="list-style-type: none"> 1. Maximizing the use of assets owned. 2. Regulating and planning regeneration systems.
Threats	S-T Strategies	W-T Strategies
<ol style="list-style-type: none"> 1. Bars headrest products order can be stopped at any time by PT. Astra International, Tbk. 2. Competition of the iron component industry from Chinese and Japanese companies. 	<ol style="list-style-type: none"> 1. Maximizing the use of existing assets 2. Encouraging PT. DKM to continue to develop its business and workforce potential to face high business competition. 	<ol style="list-style-type: none"> 1. Conducting internal consolidation so that PT. DKM can compete against the global competition. 2. Finding alternatives to deal directly with PT. Astra International, Tbk. 3. PT. DKM is more innovative in creating products for consumers.

Table 2: PT. DKM's Gap Analysis

No	Indicator	Actual Condition	Ideal Condition	Solution
1	SWOT	The using of many machines is idle because it is only used according to the amount of goods produced.	Factory capability can run optimally.	Producing capstock hanger, so that the machine can be used maximally.
2	SWOT	The remaining iron produced by headrest bars is sold to iron waste traders.	Increasing the value of residual iron by processing it again.	Developing new products using the remaining iron, namely capstock hanger.
3	SWOT	The source of income is obtained from the main consumer, namely PT. Astra International Tbk.	The source of income is not only from one consumer.	Looking for the new consumers, namely apartment developers as the target market for capstock hanger products.

DISCUSSIONS

SWOT Analysis

Strength

Strength is all things needed in conditions that are internal to the company so that the company's activities run optimally. PT. DKM has the advantage of having a good reputation. This is evident from the long-term collaboration with PT. Astra International, Tbk. In addition, the company is determined to try the opportunity to produce new products made from iron in accordance with the workforce expertise and engine capacity owned by PT. DKM.

Weakness

Weakness is the existence of deficiencies in the internal conditions of the company, because of the company's activities have not been maximally implemented. Iron-based products owned by PT. DKM is easily copied by competitors. In addition, the bargaining power of PT. Astra International, Tbk. to PT. DKM is quite high so that the purchase price of the car pillar support component is determined by PT. Astra International, Tbk. If PT. DKM does not approve the price offered, then PT. Astra International, Tbk. can stop ordering at any time and move to other iron component manufacturers. PT. DKM also does not have a candidate to regenerate its business in the future.

Opportunity

Opportunity is positive external environmental factors, which can and are able to direct the company's activities towards a better direction. PT. DKM has several opportunities, including the number of orders for the bars-headrest of PT. Astra International Tbk. which reaches 200,000 pcs per month, the scrap from production is also abundant. This can be utilized by PT. DKM to create new products made from scrap so that they have new sources of income and are not fully dependent on PT. Astra International, Tbk. In addition, the opportunity for product customization requests (job orders) from other companies is still wide open.

Threat

Threats are external environmental factors that can hinder the movement of the company. Due to the absence of a legal cooperation agreement between PT. DKM with PT. Astra International, Tbk., Ordering product headrest bars at any time can be stopped by PT. Astra International, Tbk. if there are other suppliers who have better quality products at more competitive prices. In addition, the threat that will be faced by PT. DKM is the emergence of Chinese and Japanese companies which are also engaged in the industry of iron base components. Some of these companies can offer product

prices that are much cheaper than those offered by PT. DKM with high quality.

Gap Analysis

Problems that occur at PT. DKM were known after seeing the results of the external, industry and internal analysis listed above. The problem is then reviewed by using Gap analysis so that the solution to the improvement of the actual conditions of MSMEs leads to the desired ideal conditions.

PT. DKM problem was identified from the Gap analysis, which was maximizing the use of the plant, developing new products from iron residues, and setting new consumers to expand the source of income. When going to produce these capstock hanger products, PT. DKM must first understand how the product and market situation clearly. According to David (2011) there were four corporate strategies for understanding products and markets, namely by market penetration, market development, product development, and diversification.

Market penetration is a company strategy to increase the growth of products that are already available in the market without changing the product. Market development strategy is a company strategy to market available products to new market segments. Product development is a company strategy to introduce new products in existing markets or modify existing products. Finally, diversification is a company strategy to market new products into new markets as well. Diversification is divided into three types, namely concentric, horizontal, and conglomeration.

Concentric diversification is the way to develop new products by utilizing the technology and marketing techniques that are already owned by a company. Horizontal diversification is the way to create new products by adopting marketing technologies and techniques from outside the company. Conglomeration diversification is the way to enter new markets by producing new products that use marketing technologies and techniques other than those owned by the company.

A business market or better known as Business to Business is a marketing transaction of goods and services sold from one company to another, not from the company to end users. According to Hutt and Spesh (2013) consumers from Business to Business are those in the form of business/commercial, government, and institutions. Business/commercial consumers purchase industrial goods to form or facilitate the production process or use them as components for other goods and services, for example, manufacturing, service companies, and transportation companies. While government agencies and private institutions buy industrial goods to regulate and provide services to their own market segments, namely the general public.

The results of market tests show that apartment developers tend to choose to work with vendors who can supply a wide variety of furniture/household furniture for apartments at once (a variety of products) because the costs incurred by apartment developers will be lower, in contrast to PT. DKM which only offers capstock hanger products. Vendors or general suppliers of XYZ who have been contacted, supply daily necessities to various companies and apartments, are general suppliers who have work specifications as providers of business support products, including household furniture, are willing to assist PT. DKM markets this new capstock hanger product.

CONCLUSIONS

Concentric diversification strategy is very appropriate to be used by PT. DKM. Utilization of iron residual material as raw material to produce new capstock hanger products by maximizing factory capability in the form of workforce expertise and engine capacity that has been owned by PT. DKM. To market this capstock hanger product, it is recommended to do Business to Business to the new consumers, namely some general suppliers of apartment developers in the areas of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek).

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